

Fresno, California

June 19, 2006

The City Council met in regular adjourned session at the hour of 9:00 a.m. in the Council Chambers, City Hall, on the day above written for continued consideration of the FY 2007 City of Fresno Budget.

Present were Councilmembers Boyajian, Dages, Perea, Sterling, Westerlund, and President Duncan, City Manager Souza, Assistant City Manager Ruiz, City Attorney Sanchez, City Clerk Klisch, Deputy City Clerk Bruer, Budget Manager Smith, and Principal Budget Analyst Sumpter.

Absent was Councilmember Calhoun.

**(9:00 A.M.) CONTINUED HEARING ON THE FY 2006 CITY OF FRESNO BUDGET**

President Duncan stated CDBG was noticed in the paper for discussion Wednesday from 6:00 p.m. to 8:00 p.m. and would like to coordinate budget discussion times during the Council meeting on June 20<sup>th</sup>.

**DEPARTMENT OF PUBLIC UTILITIES**

Public Utilities Director Ramirez gave a PowerPoint presentation on his department's budget which included the mission statement; water for the community; wastewater treatment services; maintenance of the sewer systems; refuse and recycling services; community sanitation; street sweeping; operation clean-up; last year's accomplishments including a 20% reduction in the landfill tipping fee; the renewal of a water contract with the Bureau of Reclamation, installation of the first mile of a pipeline towards the Friant/Kern canal, and noted the employees at the Wastewater Treatment Plant were being recognized for their management activities and achieving recognition by their peers.

Mr. Ramirez continued with a review of the accomplishments of the department stating the Sewer Maintenance Division was at approximately 1,000 days without having any lost time due to injuries on the job; stated Public Utilities has helped other departments including the median island clean-up program and also contributed to the progress of improving the collecting of E-waste; reviewed View-Fresno; presented the goals for FY 2007; gave an overview of the pilot program for Operation Cleanup scheduled to begin in July; and presented challenges for the department including inflationary fuel and chemical costs. Mr. Ramirez stated the department's role was to protect the public's health and safety requirements; reviewed the immediate and long-term funding strategies to provide enough revenue for the 2025 General Plan and explained the utility rate setting and utility rate comparison.

Mr. Ramirez reviewed highlights of the proposed budget, including funding for a capital project for infrastructure primarily in the wastewater and the water divisions; noted the current budget did not include a utility rate increase but a Utility Rate Commission would be established to provide a rate setting process for the department and a recommendation for future rate increases and the recommendations would be brought to Council in December, 2006. Mr. Ramirez reviewed the major capital programs for the next five years, and the FY 2007 Proforma.

President Duncan congratulated Mr. Ramirez on his appointment as the Public Utilities Director.

Speaking to the proposed budget was Fred Pfeifer, 1903 E. Simpson #4, who requested further reduction of the tipping fees at American Avenue and questioned whether it was currently being pursued.

Councilmember Dages questioned the two additional positions for the commercial portion of the Solid Waste Division, expressed concern with not using the private sector in the City limits and questioned the payment of the \$804 million capital improvements taking place over a five year period with response by Mr. Ramirez.

Councilmember Westerlund also commended Mr. Ramirez on his recent appointment; and questioned the removal of additional wages of \$230,000 and \$182,000 listed in the proposed budget. Mr. Ramirez clarified the term "wages" referred to temporary positions.

**DIRECTION - Westerlund/Duncan** – Staff to provide a breakdown of specific increased costs and shortfalls in revenue for each division in Public Utilities and the breakdown of costs.

Councilmember Westerlund stated several District 4 residents were concerned with fast growth of the City; questioned why the new subdivisions did not pay for the increased costs; the importance of increasing the utility rates in small increments, questioned the \$200,000 reduction in the Water Division's budget with Mr. Ramirez responding. Extensive discussion ensued regarding reduction of overtime in the Water Division; the reduction of rental equipment, and short term versus long term solutions. **(2-0)** Councilmember Westerlund requested staff to provide the department's recommendations of utility rate increases for a 24-month period for each division.

Councilmember Sterling questioned a memorandum addressed to the City Manager, dated January 10, 2006, from former Interim Public Utilities Director Wiemiller, who provided an explanation of the City's need to look into rate increases; expressed concern that the January letter was addressing issues the City was faced with at the present time; stated there have been several studies done and questioned the cost and status of the studies with Mr. Ramirez responding. Councilmember Sterling questioned why a rate increase was not included in the proposed budget with City Manager Souza stating the letter was reviewed by his office, as well as by the Mayor, who believed it was not the appropriate time to raise rates, and stated a commission would be formed and return to Council in December, 2006, with an overall evaluation and a comprehensive approach to a rate increase. Councilmember Sterling questioned how to proceed immediately with increasing utilities rates and City Attorney Sanchez stated if she felt a rate increase was needed in a more rapid timeframe she could make a motion or give direction to begin the process.

Discussion continued with a brief review of employee injuries and water meters. Councilmember Sterling questioned the process of citizens disposing of fluorescent lights/tubes and household batteries and Mr. Ramirez stated a long term solution would be through the State of California charging a battery fee and assigning locations to discard the used batteries and tubes. Councilmember Sterling expressed concern with a process not currently in existence that dealt with the disposals, but was informed Radio Shack, WalMart and Target did accept rechargeable batteries. She recommended information be provided to the public on the locations for disposal of batteries and light. Brief discussion ensued regarding the County of Fresno being the lead agency to deal with the disposals and Mr. Souza recommended the City have an opportunity to work with the County.

Councilmember Sterling stated the word "wages" listed throughout the budget was confusing and recommended using either "temporary" or "permanent."; addressed the pipe fitting crew, the new Assistant Public Utilities Director positions; recommended providing more education rather than issue "container in view" violations and would like to see a reallocation of employees from enforcement to education; questioned the purchase of new equipment and stated new equipment was purchased for the "No Neighborhood Left Behind" to be used Citywide with Mr. Ramirez and Mr. Souza responding.

Councilmember Boyajian questioned the landfill tipping fee lawsuit with City Attorney Sanchez stating a claim had been filed with the County with regard to the excess tipping fee and staff was currently in the process of negotiating a Stand Still Agreement to allow time to negotiate a resolution.

Councilmember Boyajian continued with questions relating to a \$13.5 million cost for a pipeline for the Friant/Kern canal to the Surface Water Treatment Plant with Mr. Ramirez responding. Councilmember Boyajian stressed the importance of raising the utility rates in small increments and stated the increase should have occurred 3 to 4 years ago and questioned why the City was not compared to other cities with the same problems such as Sacramento. Brief discussion ensued regarding bonding capacity, no growth in the infrastructure, and the establishment and make-up of a Public Rates Commission.

Councilmember Boyajian stated the Department of Public Utilities had done a tremendous job taking care of community needs from dumping to high weeds and expressed concern that in the past there was an additional \$250,000 included in the budget to take care of the City's blight and that amount was not included in this year's budget. Brief discussion ensued.

**MOTION** – Councilmember Boyajian/Sterling – Appropriate \$250,000 for blight removal, including high weeds and refrigerators, throughout the City.

Councilmember Boyajian reviewed the memorandum from the former Interim Public Utilities Director Wiemiller stating his recommendation was to move forward with a residential utility rate fee increase and questioned the department's preference with Mr. Ramirez stating the plan was to establish a Commission to look at a long-term rate plan.

**(3-0)** (Recording malfunction beginning at Tape 3 through a small portion of Tape 4. Recording begins at approximately 11:38 a.m.)

**DIRECTION** – Councilmember Boyajian - Proceed with the process of an incremental residential utility rate fee increase.

Councilmember Boyajian concluded his comments by commending the Department of Public Utilities on maintaining median islands.

President Duncan questioned why the Utility Rate Commission was not mentioned in the proposed budget and expressed concern with not receiving the letter from the former Interim Public Utilities Director Wiemiller until six months later with brief discussion ensuing relating to the make-up of the Utility Rate Commission.

President Duncan questioned the decrease in the Water budget with Water System Manager Martin reviewing the reduction of overtime and explained an after-hour small scale issue versus a large scale issue. President Duncan addressed the need for a utility rate increase due to the City's current rate structure not being able to be financed through bonds with Mr. Ramirez stating bonding was not included in the budget and the City would have to use reserves. Extensive discussion ensued regarding the lack of reserve funds. President Duncan reiterated the importance of approaching the rate increase on a long-term basis.

**DIRECTION – President Duncan** - City Manger to provide Council, at the earliest possible date (June 22<sup>nd</sup>), a recommendation, indicating what minimum rates were needed for the next twelve months to ensure that the Public Utilities Department can meet its current operational and financial requirements and maintain the standard reserve sufficient to operate for a 45-60 day period.

**MOTION – President Duncan/Sterling** – The Utilities Rate Commission be made up of eleven members entirely of rate paying citizens and each Councilmember to appoint one commissioner and the Mayor to appoint an additional four members.

**(4-0)** Extensive discussion ensued regarding the funding sources and roles of the Community Sanitation Division; the graffiti program and street trimming.

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**PARKS, RECREATION AND COMMUNITY SERVICES** *(Recording resumes)*

Upon questions from Councilmember Boyajian, PR&CS Director Cooper stated the Mayor's Job Initiative had employed 309 people and over 2,000 people came to the recent Job Fair. Discussion continued relating to a new school located at Dakota and Fruit Avenues and Councilmember Boyajian requested staff to work with Quigley Park to maximize both structures, with Mr. Cooper stating he would work on the coordination of the athletic fields, parking, and lighting.

Mr. Cooper reviewed the City Steward Program and stated eleven people completed the program and noted next year the goal was to expand the program to eighteen people.

Discussion ensued on Academic Gameplan, BEST Program, Pathways to Excellence, and Character Counts.

Elizabeth Diaz, Program Manager at Roosevelt High School reviewed the benefits of the programs.

**BREAK - 12:07 P.M. – 1:33 P.M.**

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Proceedings continued with Mr. Cooper, Community Recreation Supervisor Macias and Rev. Arce responding to questions of Councilmembers Boyajian and Sterling and President Duncan relative to the BEST Program, therapeutic recreation, why funds were not allocated for Landscape District 1 and 2/CFD 2 and if the funds were transferred, the Fulton Mall tot lot project and timetable, the BMX park at the Mosqueda Center, the Milburn/Dakota park, the increase for education programs, overtime costs, Palm Lakes Golf Course, what was happening with the BEST Program in District 3, the City Stewards Program **(5 - 0)** and funding, sack lunch program sites, if there were any lunch programs for Seniors, Pelco's involvement in programs and if they were being used for equipment purchases, and the \$.75 surcharge on golf rounds and tickets including where the funds would be used, how long the surcharge was anticipated to be in existence, if there was a list of projects the surcharge would pay for, and concern with it being a permanent charge and need to have a sunset clause.

**MOTION - Duncan/Westerlund** - The \$.75 surcharge on golf rounds and ticket sales to be associated with specific projects and at the conclusion of those projects the charge to be eliminated, \*\*and later changed the motion that the surcharge is to sunset at the end of FY 2010.

President Duncan continued and presented questions and comments relative to why another \$200,000 was being requested for Roeding Park restroom replacements, what happened to the first \$200,00, if there was a process for carry-over funds/project funds not spent, how much was spent on asbestos removal, request for a detailed summary, support for positions going from part-time to full-time, if the practice of hiring at a straight salary with no benefits was still occurring, need for a 5-6 year plan to eliminate that practice, if there was an analysis that needed to be done to eliminate that process, request for a workshop later in the summer on that issue to work towards a policy and plan, the plan to spend \$70 million over three years to improve parks, how long UGM park fees have been collected, what the current balance was, concern with rushing and borrowing \$70 million and putting the City in a position where the cash flow is not there, last year's in-lieu fee issue, the Mayor's proposal to temporarily reallocate the Woodward Park capital fee and if that funding ever got restored, if the full \$1.00 from the Woodward park entry fee was going back to fund park improvements, the job fair and caution to staff to be careful in comparing it to the Workforce Investment Board, and why the City has to subsidize businesses/if it was necessary to do so, with Mr. Cooper, an unidentified staff member and City Manager Souza responding throughout.

Councilmember Westerlund stated he could not see the justification for the Art, Park, Sports & Entertainment surcharge.

**MOTION - Westerlund/Boyajian** - Defund the \$.75 APS&E surcharge for Riverside, Airways and the Convention Center.

Ms. Smith clarified the funds were budgeted in the capital section and she had a list of exactly which projects would be funded, and brief discussion ensued. Councilmember Westerlund stated his problem was Palm Lakes was being previously paid for by Riverside as they were making enough of a profit to do so, noted there was no longer the Palm Lakes cost so money was out there somewhere, and stated he could not understand why Riverside's green fees should be increased when it was currently making a profit, and added his other problem with the charge was that \$13 million in bonds was just approved for the Convention Center and he did not see why ticket prices should increase when the cost has already been incurred, with Mr. Souza responding.

\*\*Upon receiving the list of projects President Duncan stated he wanted to add to his motion that the \$.75 APS&E surcharge sunset at the end of FY 2010.

**MOTION - Westerlund/Duncan** - Defund the \$50,000 for the Speaker Consultant Services for the Science, Recreation and Enrichment Program.

Councilmember Westerlund made a motion to defund the \$120,000 for expansion of the Community Science Program, with Mr. Cooper responding. Upon call, the motion died for lack of a second.

Councilmember Westerlund stated he wanted to make a motion relative to CDBG funds, with Mr. Souza recommending CDBG motions be deferred to the when that budget is heard (June 21<sup>st</sup>), which was accepted.

City Attorney Sanchez and Mr. Cooper responded briefly to questions of Councilmembers Dages and Boyajian relative to whether the administrative body had the ability to tear down a public asset without Council approval as they did with Roeding Park restrooms, and the gang task force staffing and duties. Upon review Mr. Souza clarified the Roeding Park restroom issue was presented to Council and approved

There was no further discussion on the Parks & Recreation department budget.

### **PERSONNEL SERVICES DEPARTMENT**

Personnel Services Director Bond gave a PowerPoint presentation on her department's budget which included an organizational chart, FY 2006 accomplishments, and the FY 2007 budget and highlights.

Ms. Bond, Risk Manager Turner and City Attorney Sanchez responded at length to questions and comments of Councilmembers Westerlund, Sterling, Boyajian and President Duncan relative to the **(6 - 0)** \$200,000 for investigations, if outside hiring/contracting with the police department would occur, if funds were budgeted last year for these activities and what the amount was, process for packaging cases, what attributed to the decline in workers compensation claims, number of claims currently outstanding, amount expended to settle claims and request for a breakdown, goal of the city-wide classification and compensation study, outside legal services and caseload, if better manuals were responsible for the decline in workers comp claims, if it was harder to get claims settled, length of time it takes to settle claims, Councilmember Sterling requesting to meet with the department on that issue, amount spent on the New Normal and the Pacific Institute, what the City is supposed to gain/accomplish with these programs, cost for the programs, the reclass study and if there will be criteria to be met, number of current vacancies city-wide, if those positions were funded, if those funds could be used for other purposes, what the funds could be used for, if the City Manager could authorize pay raises/change job titles/reclassify titles, number of workers comp claims prosecuted by the District Attorney, why 11 claims were not accepted/prosecuted, and the District Attorney's huge workload and suggestion that staff look unto whether it is possible for the City to allocate money to the DA to prosecute the City's cases.

There was no further discussion on the Personnel Services Department.

**RECESS - 3:07 P.M. - 3:18 P.M.**

### **INFORMATION SERVICES DEPARTMENT**

CIO Hendricks gave a PowerPoint presentation on his department's budget which included FY 2006 Accomplishments, FY 2006 Expenditures and Results, Looking Forward, and Future Challenges, and responded to questions of President Duncan and Acting President Perea relative to Voice Over IP, **(7 - 0)** the Access Point kiosks and what they will be able to do, kiosk cost, number that will be installed, type of grant utilized for the kiosks, and desire to have one located at Manchester Center due to the number services that are already there.

**MOTION - Perea/Dages** - Add an Access Point kiosk at Manchester Center.

Questioning continued with Mr. Hendricks, City Manager Souza, Assistant City Manager Ruiz and City Attorney Sanchez responding to questions and comments of Acting President Perea, Councilmembers Sterling and Boyajian and President Duncan relative to funding for website design, what the website will offer, if everything on Council members' websites has to go through the public information officer, if that was a City policy, the Microsoft Exchange email system, how it was better than the current system, the amount expended last year to implement Cognos/Kronos, the constant upgrades and what happens to software/hardware, the department's overall budget, number of positions and vacancies, maintenance costs, what the cost was for Cognos/Kronos and what that paid for, department coordination efforts, departments with their own time & activity tracking systems, if more money was going to be needed for the system, if NNLB neighborhoods were being monitored, purpose of the monitoring, if surveillance was occurring, commendation to the department, hardware for the kiosks being an appropriate expenditure for Council infrastructure budgets, request staff ask Borders Bookstore in Riverpark if would like a kiosk with funding coming from District 6's budget, if the TOC cameras were available online, if it was possible for TV stations to sponsor cameras as a way to fund traffic cameras online, if cameras were placed in all NNLB project areas, and if the problems encountered with NNLB would have been seen if cameras had been installed in all the project areas.

There was no further discussion on the department' s budget and the budget hearing was continued to June 20, 2006, at 2:00 p.m.

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# **ADJOURNMENT**

There being no further business to bring before the City Council, the hour of 4:17 p.m. having arrived and hearing no objections, President Duncan declared the meeting adjourned.

**APPROVED** on the \_\_\_\_27th\_\_\_\_ day of \_\_\_\_June\_\_\_\_, 2006.

\_\_\_\_\_/s/\_\_\_\_\_  
Jerry Duncan, Council President

ATTEST:\_\_\_\_\_/s/\_\_\_\_\_  
Yolanda Salazar, Assistant City Clerk